WEEKLY ECONOMIC REVIEW

January 4, 2008

During intra-day trading, oil briefly touched the US$100 mark this week. The increase was driven by a drop in U.S. crude inventories, geopolitical tensions and a weak U.S. dollar. Backed by record crude oil prices and cold weather in the U.S. Northeast and Midwest, natural gas prices also increased $0.49 to $7.57 per MMBtu.

Surging petroleum prices pushed the cost of manufactured products and raw materials up in November. The industrial product price index rose 0.6% from October after six consecutive monthly declines, bringing the year-to-date increase to 1.8%. The raw materials price index surged by 3.4%, its third consecutive monthly increase, bringing its year-to-date increase to 7.5%.

Alberta farm price index rose by 0.8% in October from a year earlier, much lower that the national increase of 5.1%, as decreases in livestock prices (-4.0%) offset strong gains in crops (+9.6%). The cattle price index fell by 6.1% from October 2006 to its lowest level since July 2005, pressured by lower U.S. prices and the high Canadian dollar. In the same month, grain prices rose by 2.3% from October 2006.

U.S. non-farm employment grew by only 18,000 in December from November, the weakest growth since August 2003. The slowdown was due mainly to a sharp decline in construction and manufacturing jobs.

Cdn Dollar (US¢/CS)

January 4, 2008	100.1
December 28, 2007	102.2
2007-08 YTD	96.3

WTI Oil US$/bbl

January 3, 2008	$ 99.18
December 27, 2007	$ 96.62
2007-08 YTD	$ 77.20

Nymex Natural Gas CS/MMBtu *
January Contract

January 4, 2008	$ 7.57
December 28, 2007	$ 7.08

*Estimate based on Nymex Futures Market Price

There are further indications that the U.S. economy is slowing. The ISM manufacturing index dropped to 47.7 in December, indicating a contraction. New orders for durable goods in the U.S. edged up a mere 0.1% in November following three straight months of decreases.

In the minutes from the December meeting, the U.S. Federal Reserve noted that more rate cuts might be needed to ameliorate the feedback effects of the housing crisis and credit crunch.

Despite record high commodity prices and a weaker U.S. dollar, Canadian dollar declined by more than two cents from last week, reflecting concerns over weaker U.S. growth.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month(Y/Y)	Year-to-date[2]
Industrial Product Price Index (1997=100)	**November**			
Canada	113.0	0.6%	-0.6%	1.8%
Raw Materials Price Index (1997=100)				
Canada	181.9	3.4%	15.7%	7.5%
Farm Product Price Index (1997=100)	**October**			
Alberta	96.7	-5.3%	0.8%	9.1%
Canada	103.3	-3.5%	5.1%	7.8%

Source: Statistics Canada, U.S. Census Bureau
[2]Year-to-date 2007 compared to the same period in 2006